

PROPERTY TAX MODEL

BACKGROUND

Property taxes are used to fund:

- State level – K-12 school equalization, universities, and vocational technology colleges
- Local level - district and countywide school funds, city and county services, and a variety of other services through the creation of special districts

School funding makes up the majority of property tax collections in the state of Montana. The city and county portions of property taxes are primarily used to fund local services such as roads, bridges, district courts, public safety, and others. There are also a number of special districts in Montana, which may levy mills or charge fees for search and rescue, local parks, water and sewer, and other similar functions.

Tax Increment Financing (TIF) is a method that allows a district to utilize property tax revenues to fund improvements or new developments to a specific area.

- Taxable values in the district are separated into a base amount and increment values
- Property tax revenue from the base amount is collected by the regular taxing jurisdiction
- As improvements are made in the district and property values increase, the incremental tax revenue is earmarked for further improvements within the TIF district

PROPERTY TAX MODEL

THE MODEL

Legislative staff created a master property tax model to better understand locally paid taxes and where the growth in property taxes has come from in the past. The model can also help to answer questions in greater detail and model certain proposed scenarios. This model is the result of new work on splitting out the amount of new tax burden from new property versus existing property

Data was compiled from the following sources:

- Department of Revenue – property tax data base data, special district data, Tax Increment Financing (TIF) district data, and newly taxable property data
- Office of Public Instruction – school budget and expenditure data
- Department of Administration – local government ledger

This presentation includes select screen shots to illustrate key points, but the interactive model tool can be found here:

<https://leg.mt.gov/lfd/mara-data-project/>. The interactive tool can show similar breakdowns from statewide down to the local municipality.

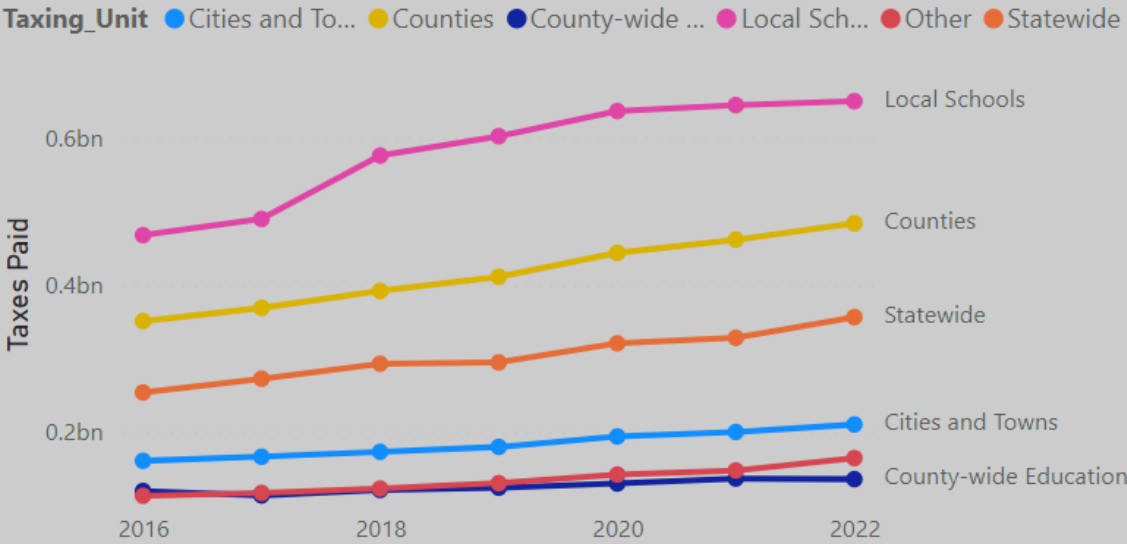
DISCLAIMER

Due to the nature of these data, there are many calculated fields in this dashboard. If you have questions or concerns, please contact the Legislative Fiscal Division.

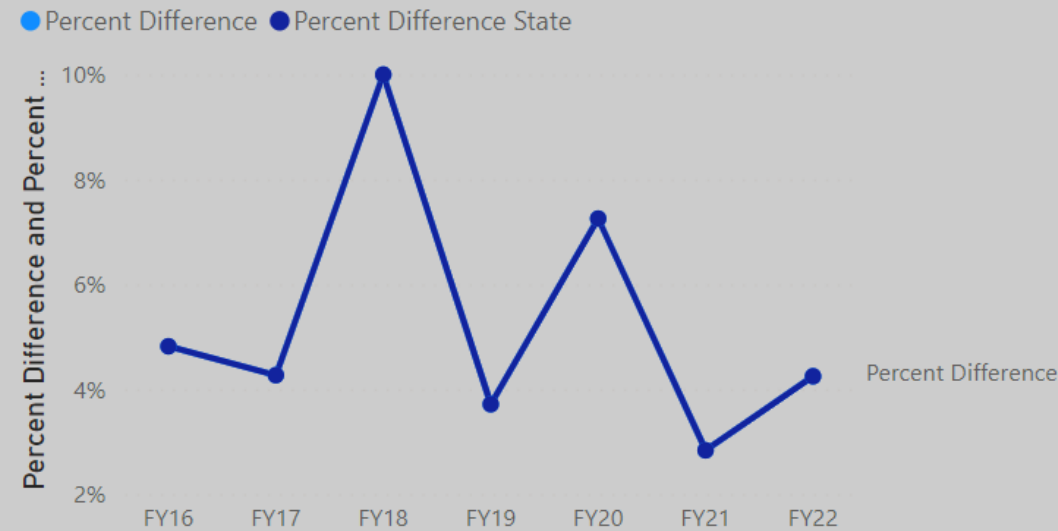
Statewide – Format of Graphics and Data

General Property Tax Growth

FY Taxes Paid by Taxing Unit

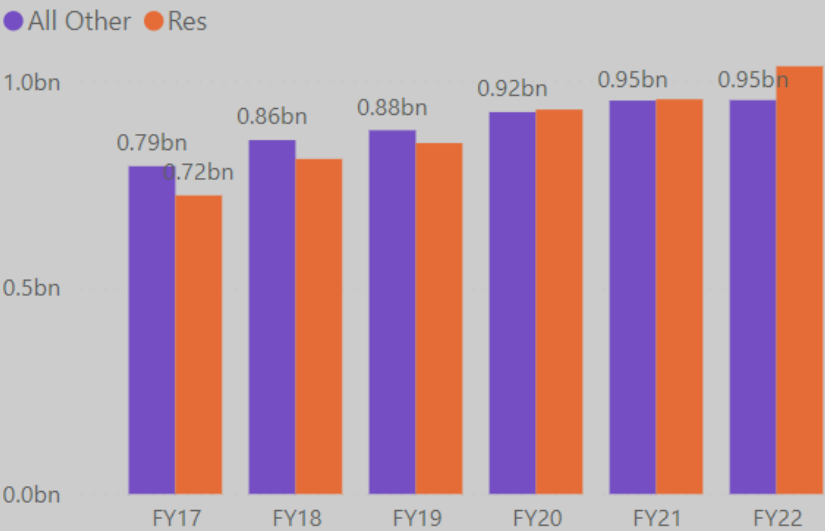


Annual Growth in Taxes Paid



- All this data is taxes paid
- It includes all levied taxes, including the state mills and those for schools, counties, cities, etc.
- It does not include SIDs and fees which are not based on levies (about \$170M)

Taxes Paid Residential and All Other



Reset Filters



Slicer Options

Taxing Unit

- ☐ Cities and Towns
- ☐ Counties
- ☐ County-wide Ed...
- ☐ Local Schools
- ☐ Other
- ☐ Statewide

County

- ☐ Silver Bow
- ☐ Cascade
- ☐ Yellowstone
- ☐ Missoula
- ☐ Lewis and Clark
- ☐ Gallatin

Municipality

- ☐ Anaconda
- ☐ Beaverhead County
- ☐ Big Horn County
- ☐ Blaine County
- ☐ Broadwater County
- ☐ Carbon County

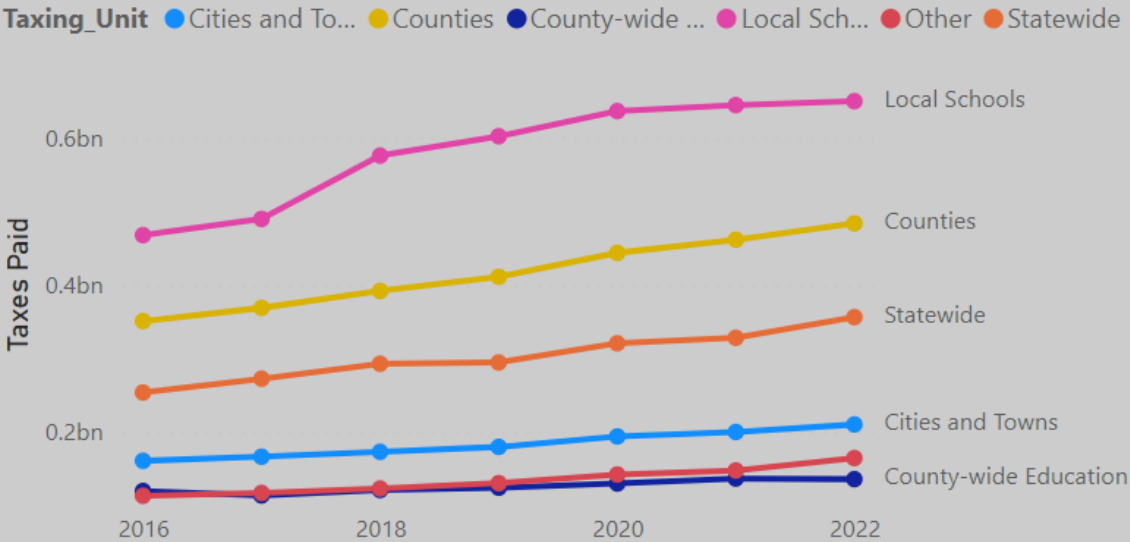
Sources & Notes:

- Data from Montana Department of Revenue
- Due to the nature of these

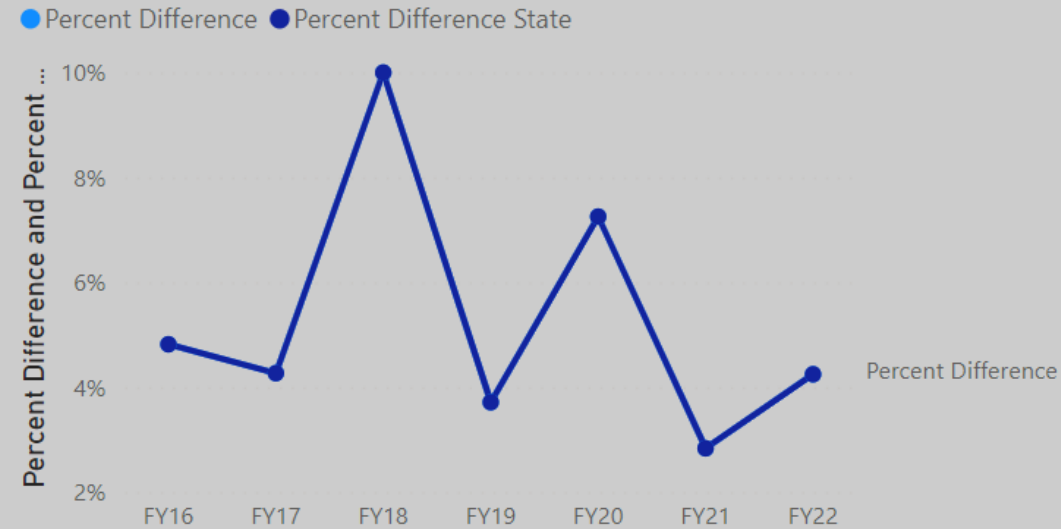
Statewide – Format of Graphics and Data

General Property Tax Growth

FY Taxes Paid by Taxing Unit

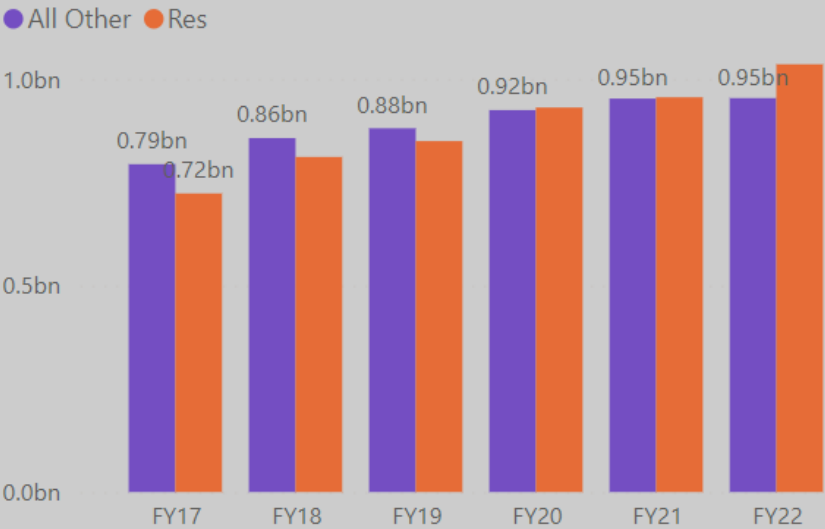


Annual Growth in Taxes Paid



- These data can be viewed by taxing unit, by a specific county, or even by a specific municipality

Taxes Paid Residential and All Other



Reset Filters



Slicer Options

Taxing Unit

- ☐ Cities and Towns
- ☐ Counties
- ☐ County-wide Ed...
- ☐ Local Schools
- ☐ Other
- ☐ Statewide

County

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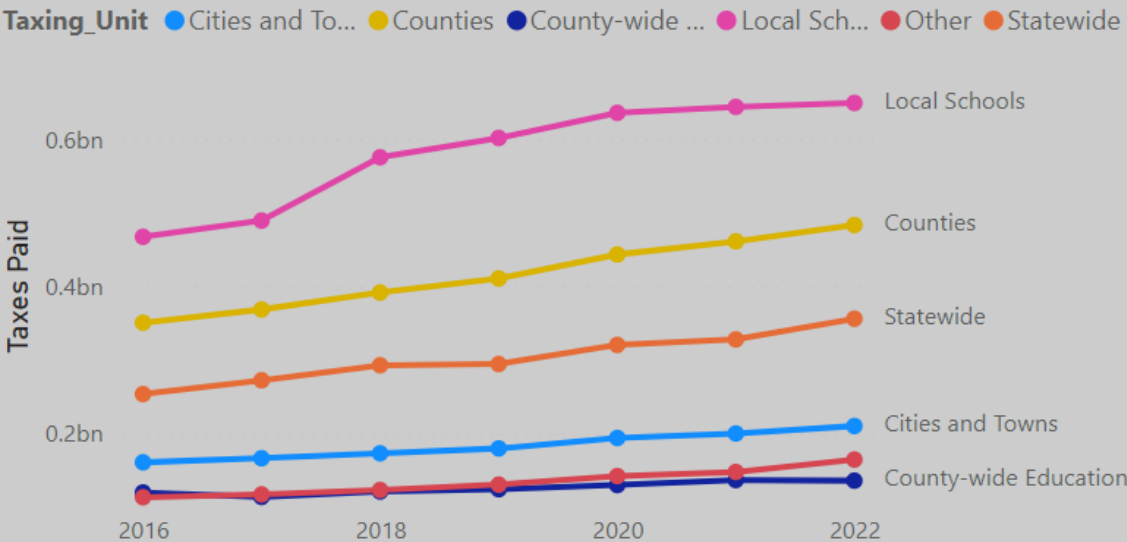
Sources & Notes:

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Statewide – Format of Graphics and Data

General Property Tax Growth

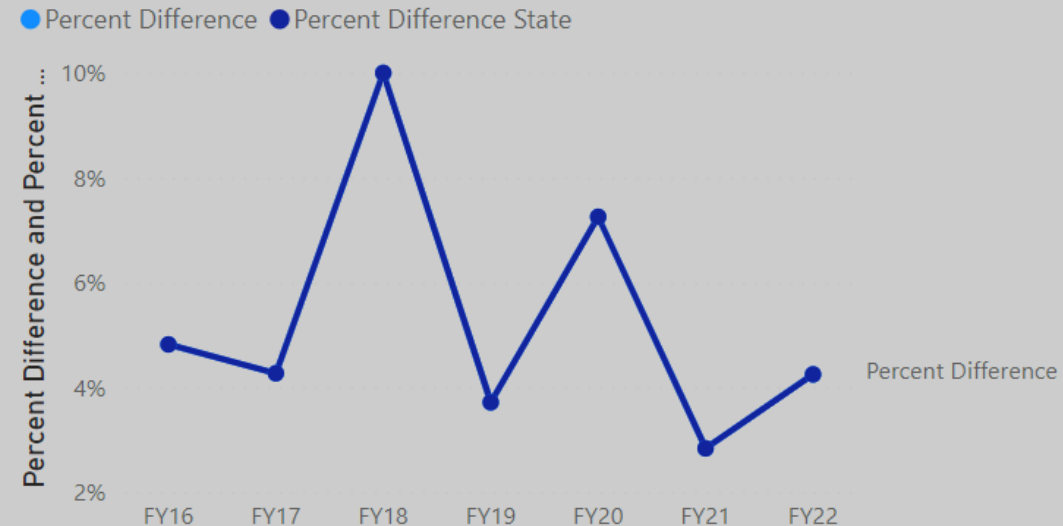
FY Taxes Paid by Taxing Unit



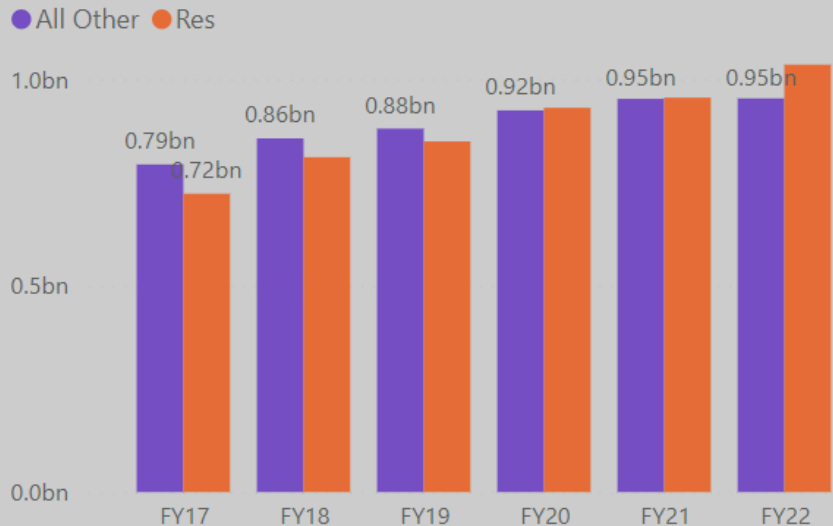
The first graphic is the taxes paid by taxing unit (state, city, county, county-wide education, school district, and other) from FY 2016 through FY 2022

The second chart shows the annual growth in taxes paid. When a slicer option is selected, this chart will also show the annual growth for the selection compared to the statewide growth you see here

Annual Growth in Taxes Paid



Taxes Paid Residential and All Other



Reset Filters

Slicer Options

Taxing Unit

- ☐ Cities and Towns
- ☐ Counties
- ☐ County-wide Ed...
- ☐ Local Schools
- ☐ Other
- ☐ Statewide

County

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- ☐ Broadwater County
- ☐ Carbon County

Sources & Notes:

- Data from Montana Department of Revenue
- Due to the nature of these

Statewide – Format of Graphics and Data

General Property Tax Growth

- The charts to the right show the compound annual growth rate (CAGR) for the time period between FY 2016 and FY 2022, both by taxing unit and by property class (residential vs. other)
- The third graphic shows the taxes paid for **residential property** versus the taxes paid for **all other types of property combined**

Compound Annual Growth Rate (CAGR) CAGR Taxes Paid (6 year) ^	
Taxing_Unit	
Cities and Towns	4.56%
Counties	5.50%
County-wide Education	2.12%
Local Schools	5.63%
Other	6.41%
Total	5.36%

CAGR Taxes Paid (6 year)	
Res/Other	
All Other	4.01%
Res	6.72%
Total	5.36%



Slicer Options

Taxing Unit

- ☐ Cities and Towns
- ☐ Counties
- ☐ County-wide Ed...
- ☐ Local Schools
- ☐ Other
- ☐ Statewide

County

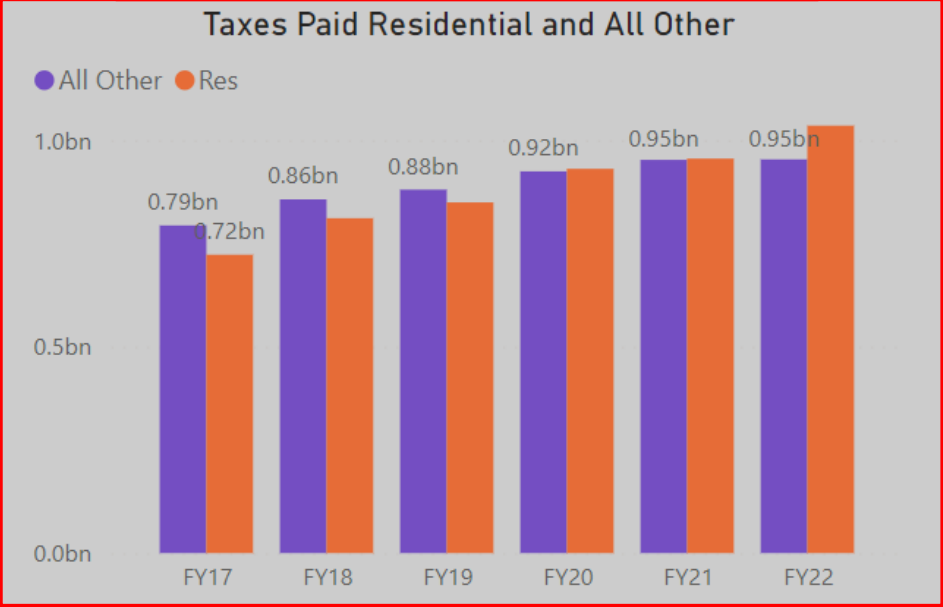
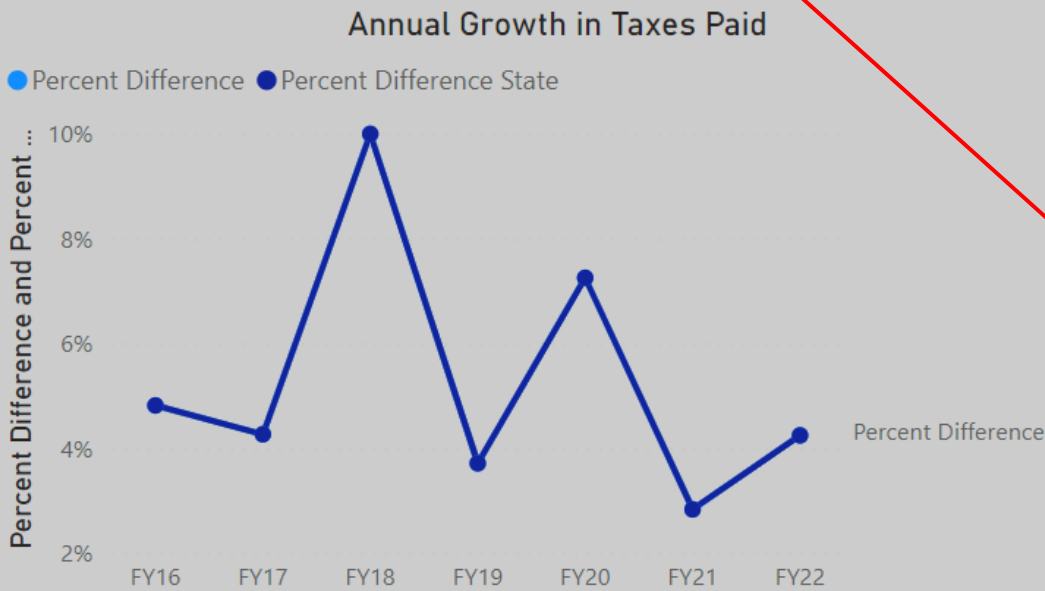
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- ☐ Lewis and Clark
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- ☐ Blaine County
- ☐ Broadwater County
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Sources & Notes:

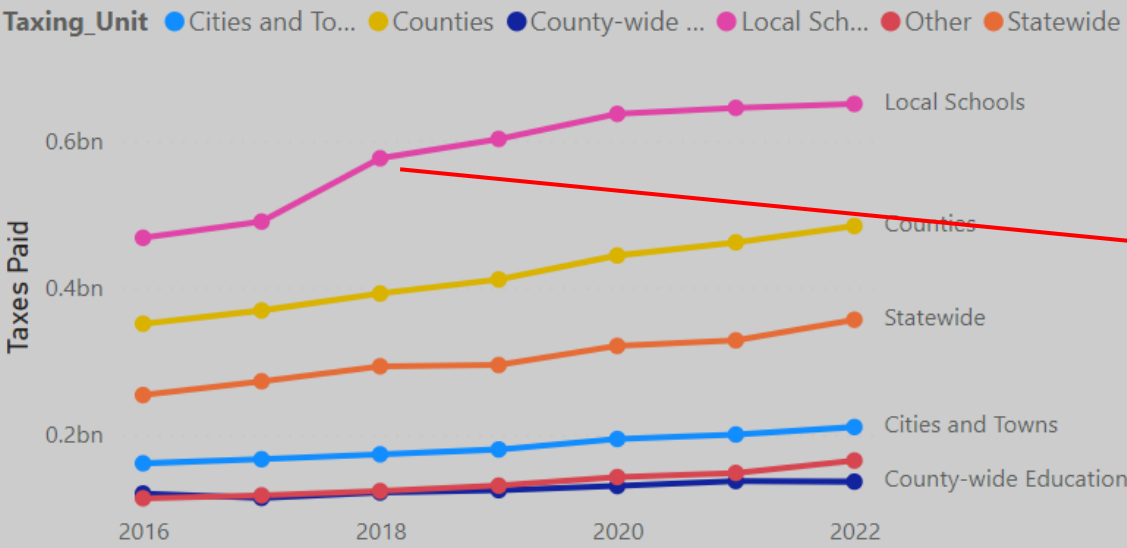
- Data from Montana Department of Revenue
- Due to the nature of these



Statewide – Format of Graphics and Data

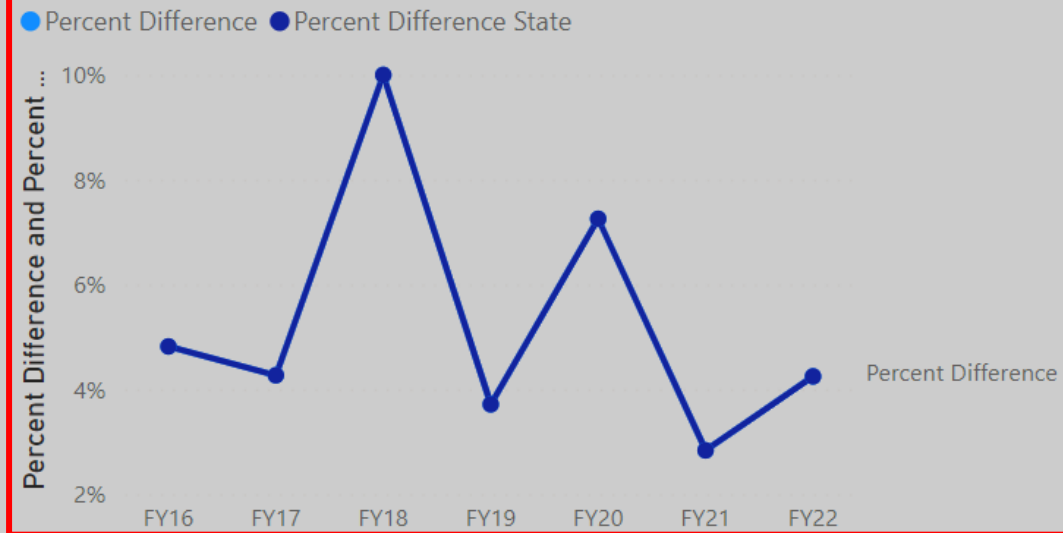
General Property Tax Growth

FY Taxes Paid by Taxing Unit

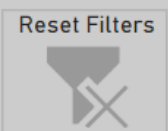


In FY 2018, property taxes paid to **school districts** increased by a large amount, which was a combination of the elimination of the distribution of general fund block grants to school districts (HB 647, 2017 Legislative Session) and the anticipated growth for school construction projects

Annual Growth in Taxes Paid



Growth in property taxes paid alternates between years of large growth and years of smaller growth due to the residential property two-year reappraisal cycle



Slicer Options

Taxing Unit

- ☐ Cities and Towns
- ☐ Counties
- ☐ County-wide Ed...
- ☐ Local Schools
- ☐ Other
- ☐ Statewide

County

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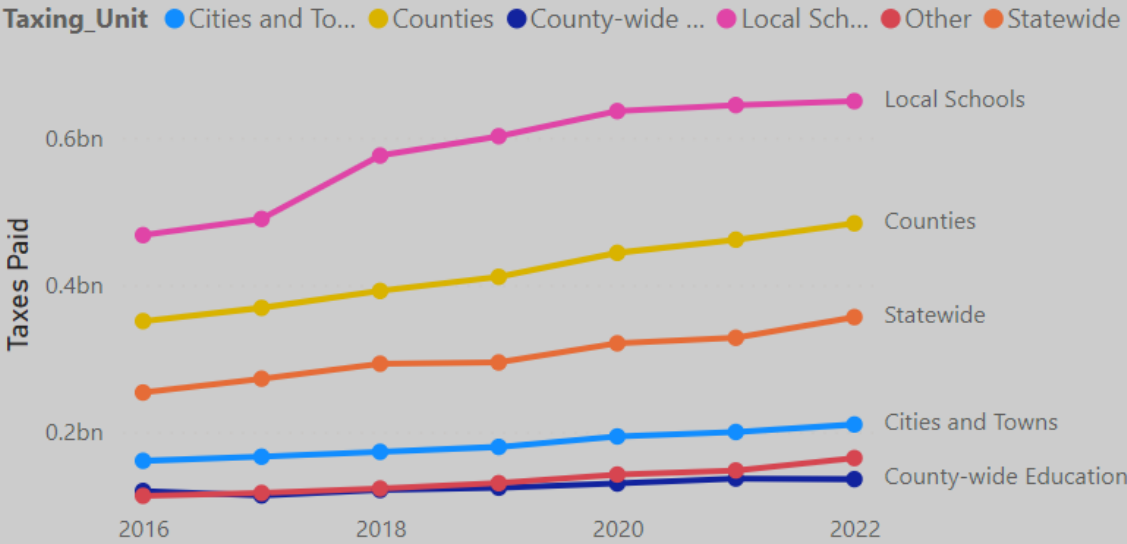
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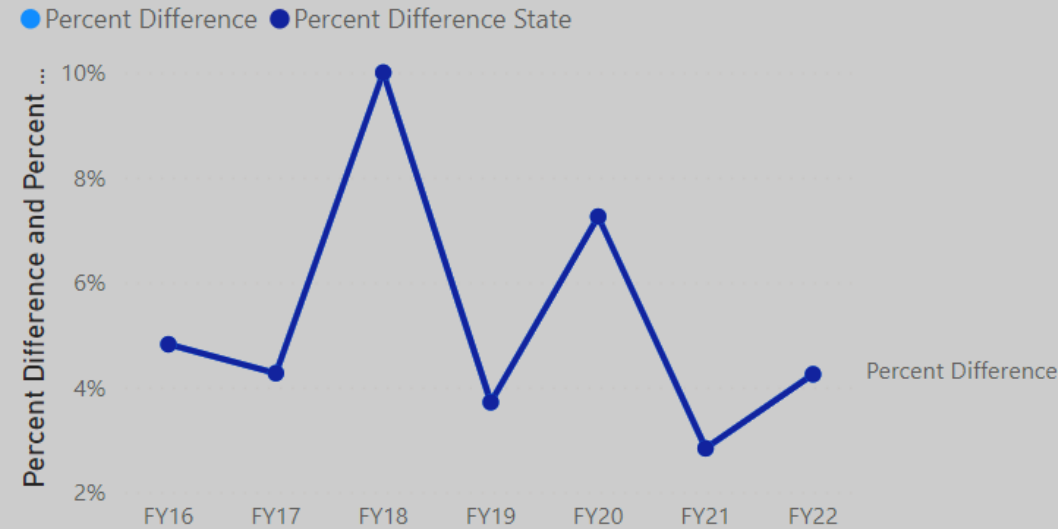
Statewide – Format of Graphics and Data

General Property Tax Growth

FY Taxes Paid by Taxing Unit

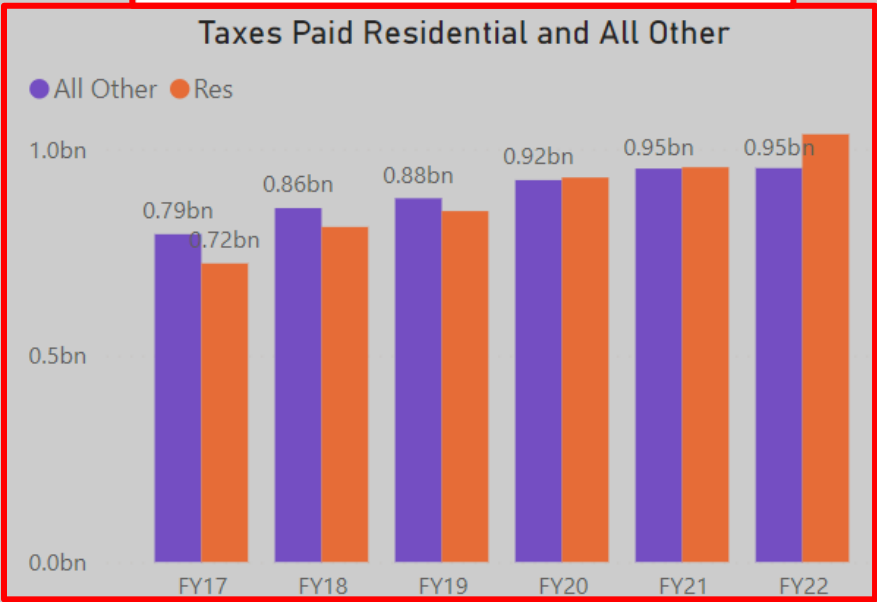


Annual Growth in Taxes Paid



Compound Annual Growth Rate (CAGR)	
Taxing_Unit	CAGR Taxes Paid (6 year)
Cities and Towns	4.56%
Counties	5.50%
County-wide Education	2.12%
Local Schools	5.63%
Other	6.41%
Total	5.36%

CAGR Taxes Paid (6 year)	
Res/Other	CAGR Taxes Paid (6 year)
All Other	4.01%
Res	6.72%
Total	5.36%



Taxes paid for **residential property** are increasing faster than taxes paid on **all other types of property**

Sources & Notes:

- Data from Montana Department of Revenue
- Due to the nature of these

New & Existing Property by Fiscal Year

Statewide – Format of Graphics and Data

Existing Compound
Annual Growth Rate

2.43%

New Property Compound
Annual Growth Rate

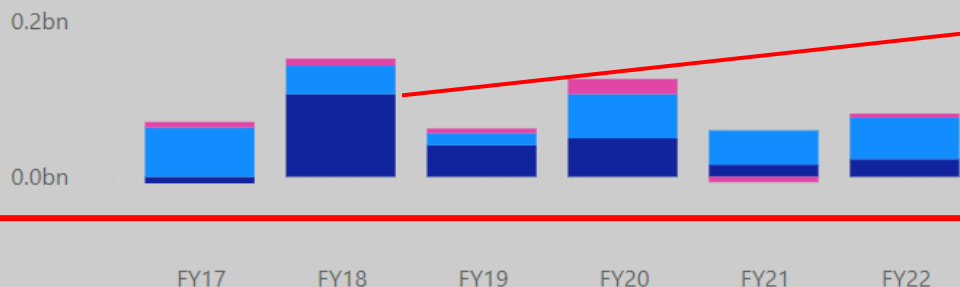
2.87%

Tax Increment Financing
Compound Annual Growth Rate

0.45%

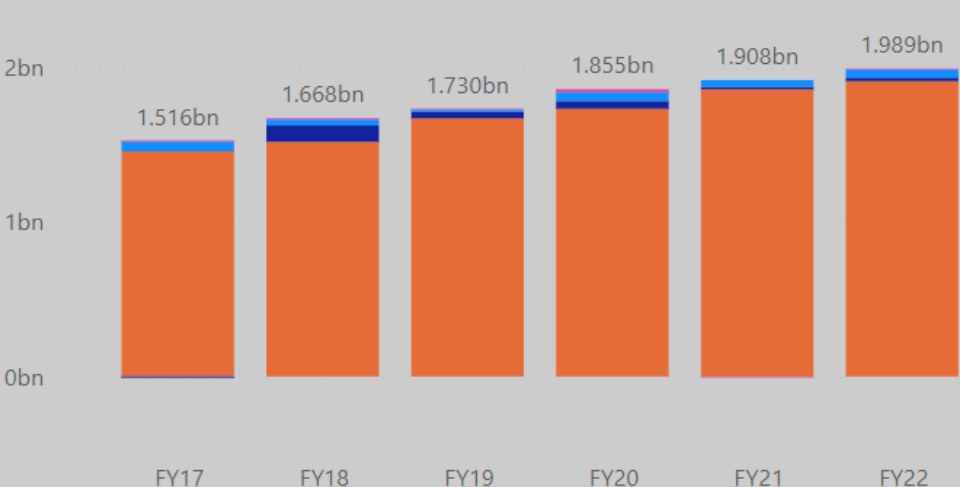
New Taxes Paid

● Existing2 ● NewTaxM ● New TIF



Total Taxes Paid

● Taxes Paid Prev Year Base ● Existing2 ● NewTaxM ● New TIF

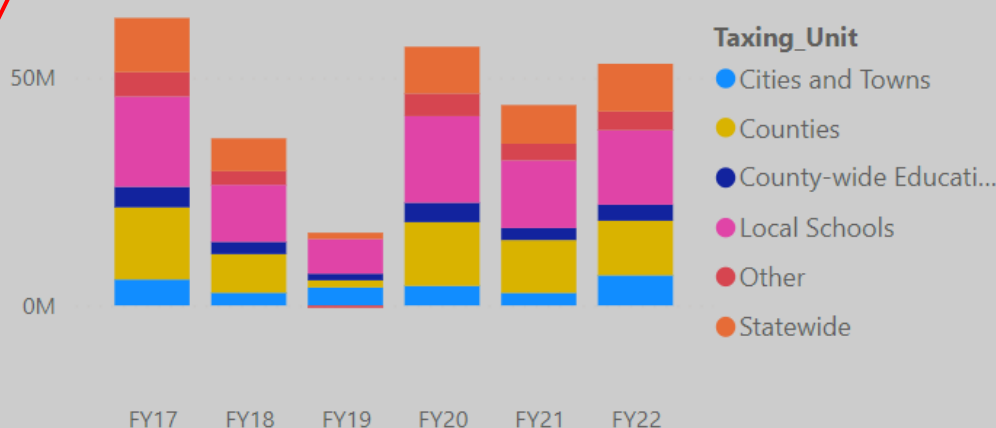


The first graphic is the additional taxes paid in the given fiscal year broken between **existing property**, **new property**, and **TIFs**

- This is cumulative so it grows on top of the previous year's growth
- FY 2018 had a bump from adjustments to block grants to school districts and the anticipated growth for school construction projects

The second chart shows that in context with all levied taxes

New Property - New Taxes Paid



Reset Slicers

Slicer Options

Taxing Unit

- ☐ Cities and Towns
- ☐ Counties
- ☐ County-wide Educati...
- ☐ Local Schools
- ☐ Other
- ☐ Statewide

County

- ☐ Silver Bow
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Municipality

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- ☐ Big Horn County
- ☐ Blaine County
- ☐ Broadwater County
- ☐ Carbon County
- ☐ Carter County
- ☐ Cascade County

Sources & Notes:

- Data from Montana Department of Revenue
- Due to the nature of these

New & Existing Property by Fiscal Year

Statewide – Format of Graphics and Data

Existing Compound
Annual Growth Rate

2.43%

New Property Compound
Annual Growth Rate

2.87%

Tax Increment Financing
Compound Annual Growth Rate

0.45%

- The CAGRs for each group of property are shown here
- These data can be viewed by the same breakdown as the previous page data (by taxing unit, by a specific county, or even by a specific municipality)

Reset Slicers



Slicer Options

Taxing Unit

- ☐ Cities and Towns
- ☐ Counties
- ☐ County-wide Educati...
- ☐ Local Schools
- ☐ Other
- ☐ Statewide

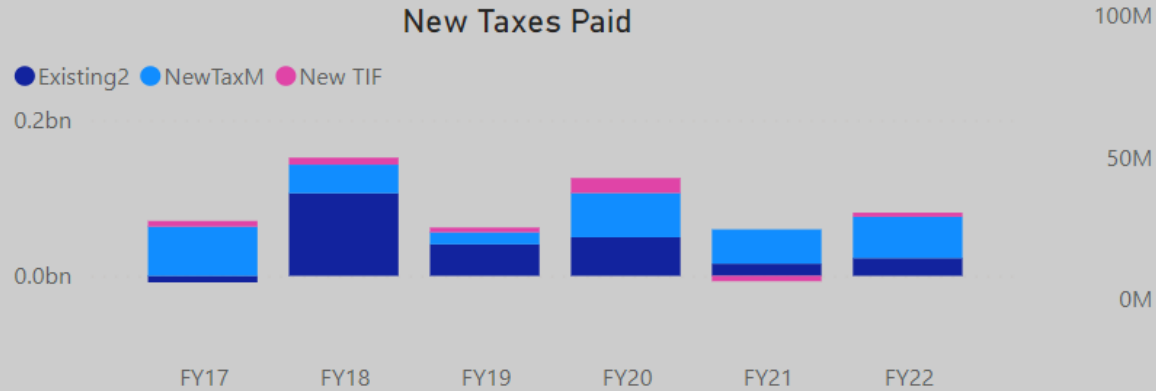
County

- ☐ Silver Bow
- ☐ Cascade
- ☐ Yellowstone
- ☐ Missoula
- ☐ Lewis and Clark
- ☐ Gallatin

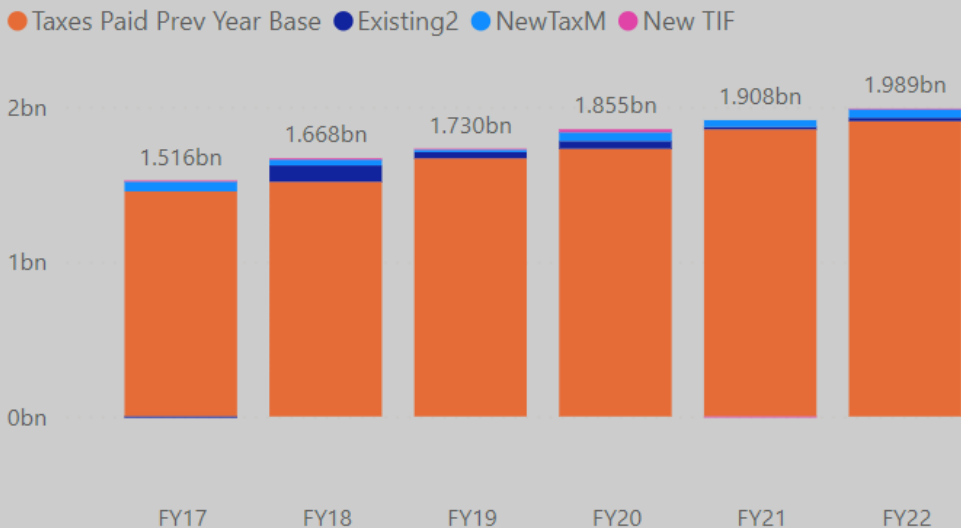
Municipality

- ☐ Anaconda
- ☐ Beaverhead County
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- ☐ Blaine County
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- ☐ Carbon County
- ☐ Carter County
- ☐ Cascade County

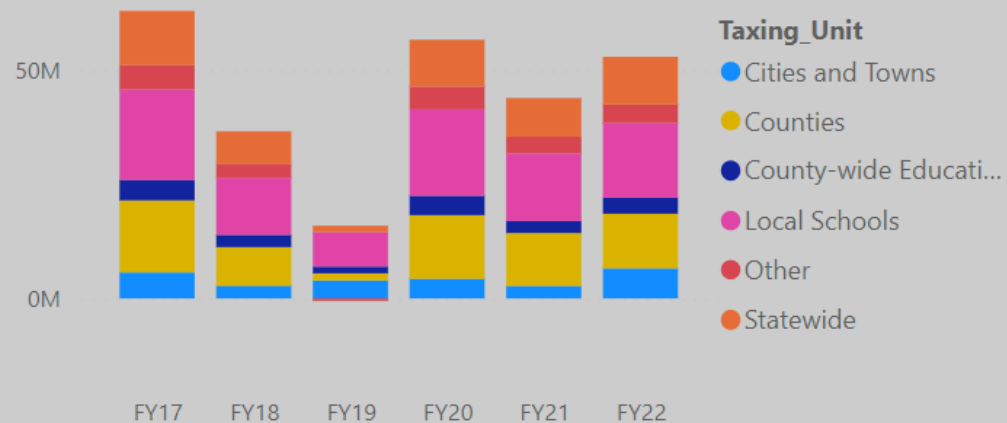
New Taxes Paid



Total Taxes Paid



New Property - New Taxes Paid



Sources & Notes:

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- Due to the nature of these

New & Existing Property by Fiscal Year

Statewide – Format of Graphics and Data

Existing Compound
Annual Growth Rate

2.43%

New Property Compound
Annual Growth Rate

2.87%

Tax Increment Financing
Compound Annual Growth Rate

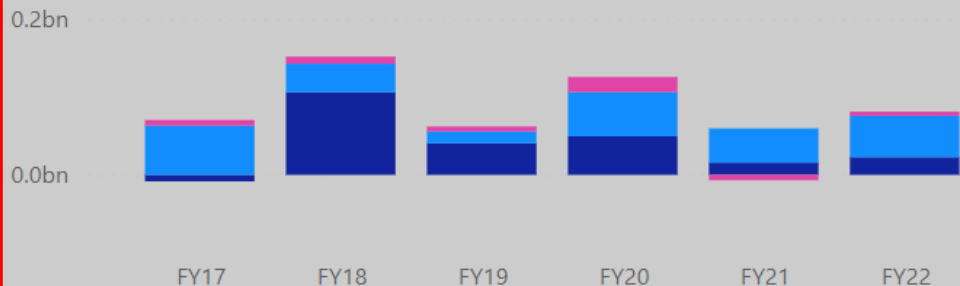
0.45%

Reset Slicers

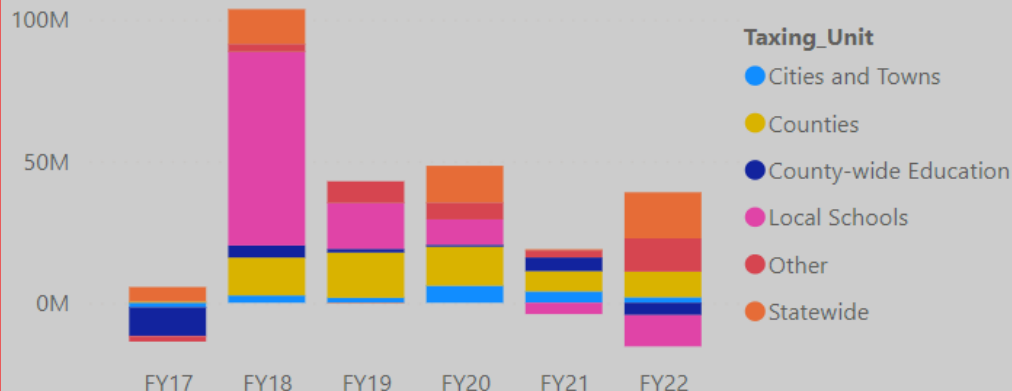


New Taxes Paid

Existing2 NewTaxM New TIF



Existing Property - New Taxes Paid



Slicer Options

Taxing Unit

- ☐ Cities and Towns
- ☐ Counties
- ☐ County-wide Educati...
- ☐ Local Schools
- ☐ Other
- ☐ Statewide

County

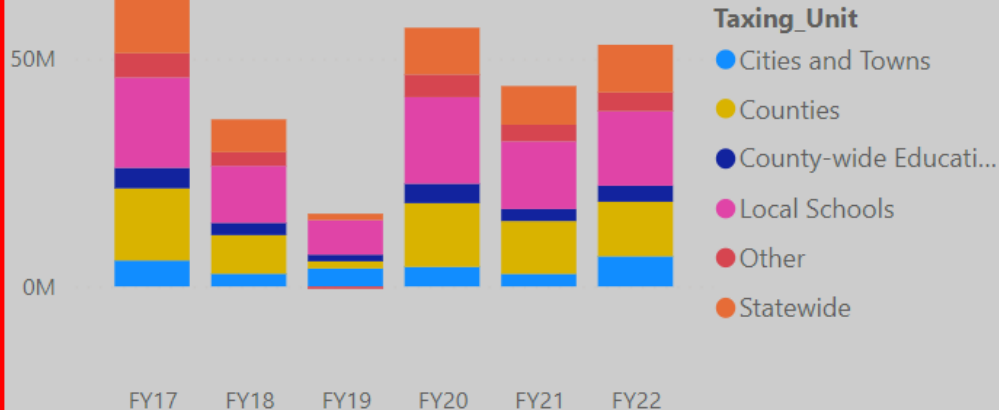
- ☐ Silver Bow
- ☐ Cascade
- ☐ Yellowstone
- ☐ Missoula
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- ☐ Gallatin

Municipality

- ☐ Anaconda
- ☐ Beaverhead County
- ☐ Big Horn County
- ☐ Blaine County
- ☐ Broadwater County
- ☐ Carbon County
- ☐ Carter County
- ☐ Cascade County

- Same data as shown above, split into **existing property** by taxing unit (state, city, county, school district, etc.)
- Same data as shown above, split into **new property** by taxing unit (state, city, county, school district, etc.)

New Property - New Taxes Paid

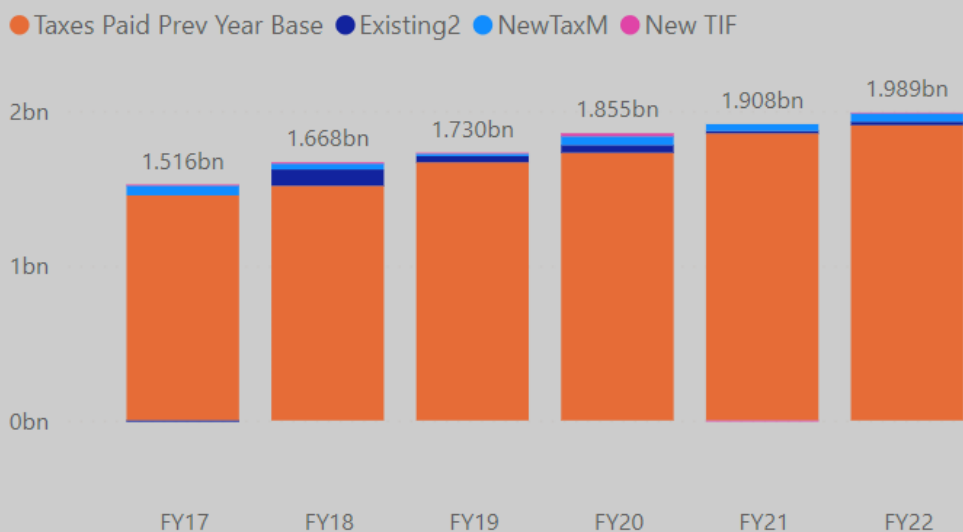


Sources & Notes:

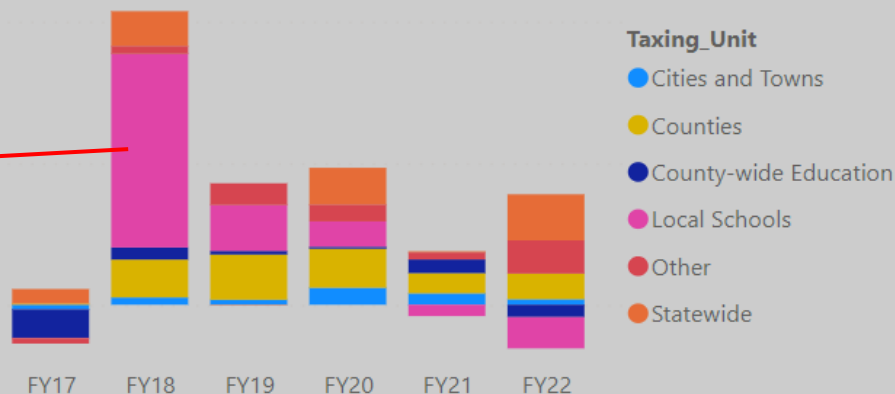
- Data from Montana Department of Revenue
- Due to the nature of these

- Growth in existing property is largely a function of decisions made by the entities collecting the taxes, while the growth in new property and TIFs is distributed proportionally between taxing unit
- FY 2018 is a good example of this phenomenon
 - New taxes paid on **existing property** adjusted to budgets/needs for **schools**
 - Taxes paid on **new property** came onto the tax rolls proportional to the current demand for all services

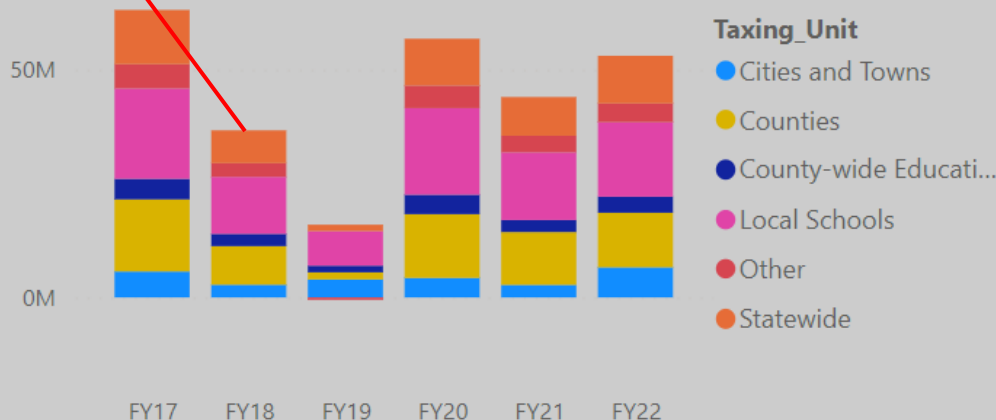
Total Taxes Paid



Existing Property - New Taxes Paid



New Property - New Taxes Paid



Reset Slicers

Slicer Options

Taxing Unit

- ☐ Cities and Towns
- ☐ Counties
- ☐ County-wide Educati...
- ☐ Local Schools
- ☐ Other
- ☐ Statewide

County

- ☐ Silver Bow
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- ☐ Yellowstone
- ☐ Missoula
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- ☐ Gallatin

Municipality

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- ☐ Blaine County
- ☐ Broadwater County
- ☐ Carbon County
- ☐ Carter County
- ☐ Cascade County

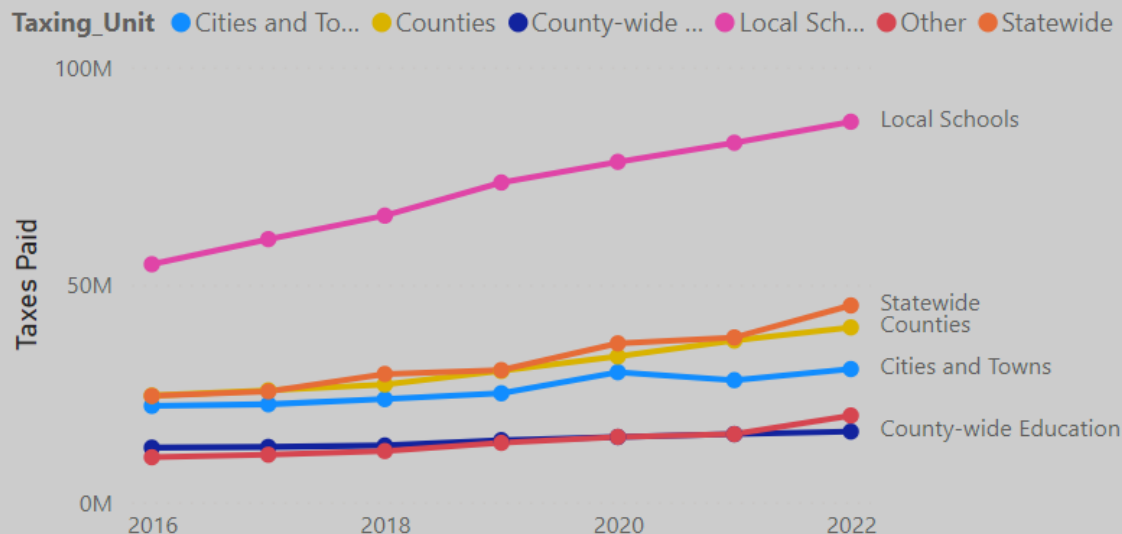
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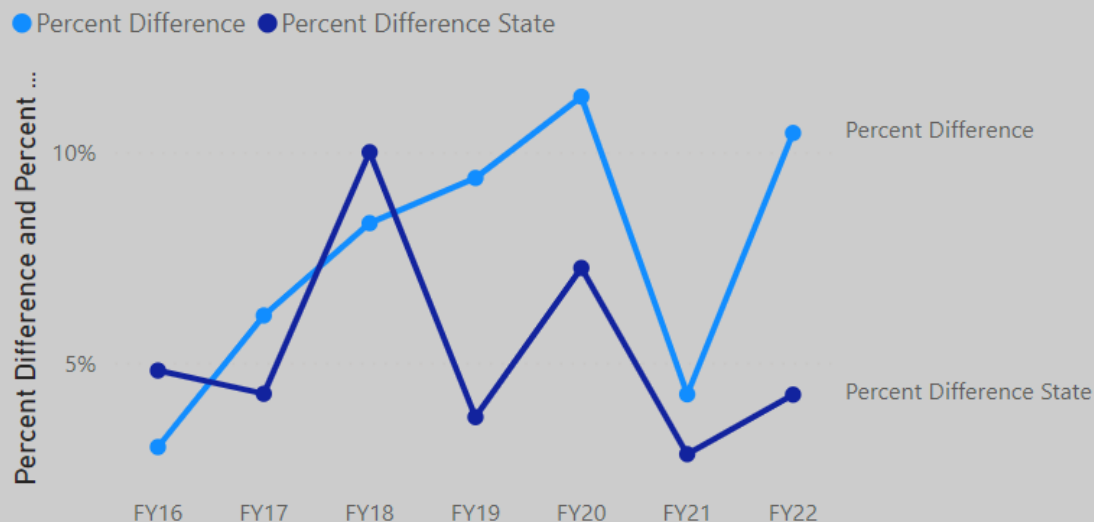
General Property Tax Growth

Example High Growth County – Gallatin

FY Taxes Paid by Taxing Unit



Annual Growth in Taxes Paid



Compound Annual Growth Rate (CAGR)	
Taxing_Unit	CAGR Taxes Paid (6 year)
Cities and Towns	5.53%
Counties	8.59%
County-wide Education	4.40%
Local Schools	8.13%
Other	11.55%
Total	8.28%

CAGR Taxes Paid (6 year)	
Res/Other	CAGR Taxes Paid (6 year)
All Other	5.83%
Res	9.58%
Total	8.28%

- When Gallatin County is selected under County, the Municipality option is filtered down to all the municipalities within Gallatin County

Reset Filters

Slicer Options

Taxing Unit

- ☐ Cities and Towns
- ☐ Counties
- ☐ County-wide Ed...
- ☐ Local Schools
- ☐ Local Schools
- ☐ Other

County

- ☐ Cascade
- ☐ Yellowstone
- ☐ Missoula
- ☐ Lewis and Clark
- ☒ Gallatin
- ☐ Flathead

Municipality

- ☐ City of Belgrade
- ☐ City of Bozeman
- ☐ City of Three Forks
- ☐ Gallatin County
- ☐ Town of Manhattan
- ☐ Town of West Yello...

Sources & Notes:

- Data from Montana Department of Revenue
- Due to the nature of these

General Property Tax Growth

Example High Growth County – Gallatin

- The growth by tax class is not even. **Residential property** taxes are growing at a faster rate than all other classes
- Since the slicer option is selected for Gallatin County, the annual growth in taxes paid for **Gallatin County** is shown here as compared to the **statewide** growth

Taxing_Unit	Compound Annual Growth Rate (CAGR) CAGR Taxes Paid (6 year)
Cities and Towns	5.53%
Counties	8.59%
County-wide Education	4.40%
Local Schools	8.13%
Other	11.55%
Total	8.28%

Res/Other	CAGR Taxes Paid (6 year)
All Other	5.83%
Res	9.58%
Total	8.28%

Reset Filters



Slicer Options

Taxing Unit

- ☒ Cities and Towns
- ☒ Counties
- ☒ County-wide Ed...
- ☒ Local Schools
- ☐ Local Schools
- ☒ Other

County

- ☐ Cascade
- ☐ Yellowstone
- ☐ Missoula
- ☐ Lewis and Clark
- ☒ Gallatin
- ☐ Flathead

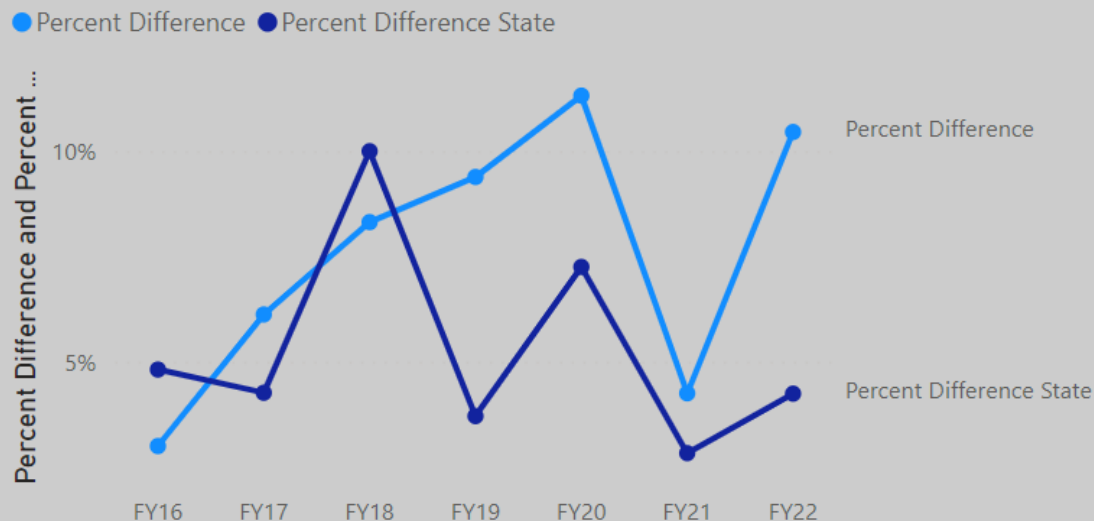
Municipality

- ☐ City of Belgrade
- ☐ City of Bozeman
- ☐ City of Three Forks
- ☐ Gallatin County
- ☐ Town of Manhattan
- ☐ Town of West Yello...

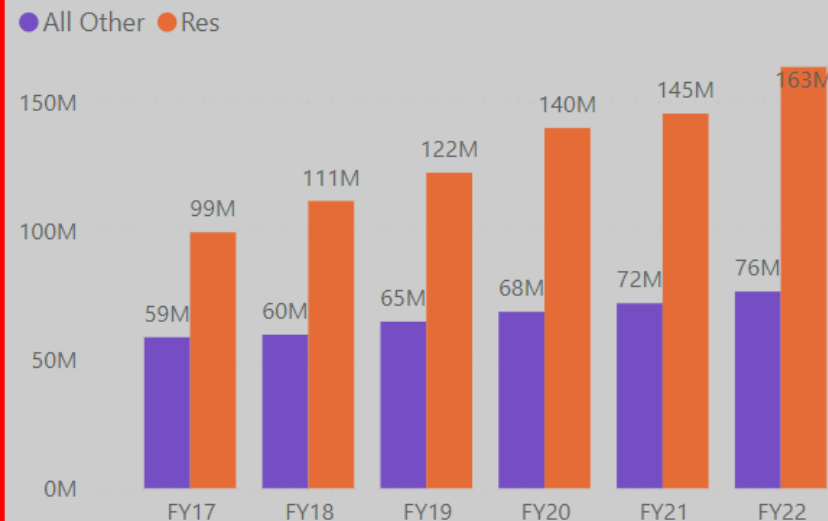
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Annual Growth in Taxes Paid



Taxes Paid Residential and All Other



New & Existing Property by Fiscal Year

**Example High Growth
County – Gallatin**

Existing Compound
Annual Growth Rate

3.62%

New Property Compound
Annual Growth Rate

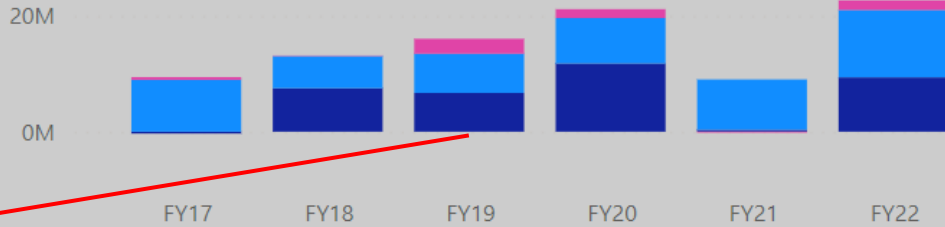
4.90%

Tax Increment Financing
Compound Annual Growth Rate

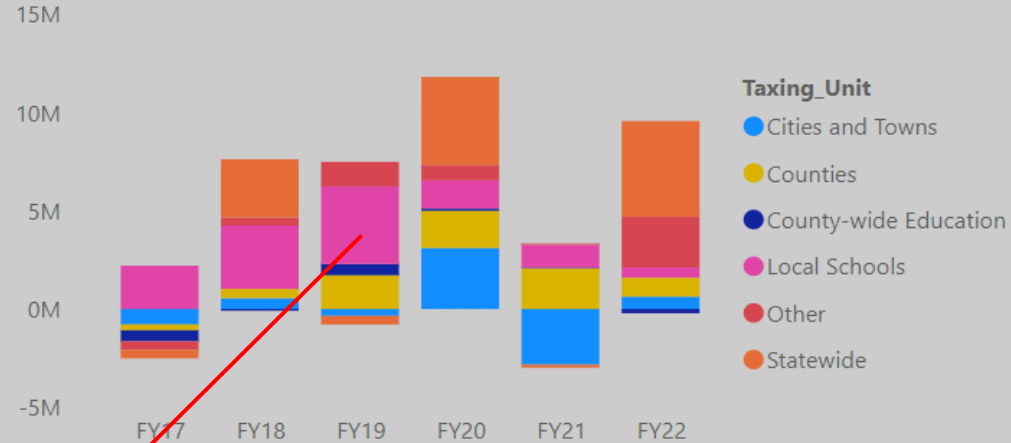
0.68%

New Taxes Paid

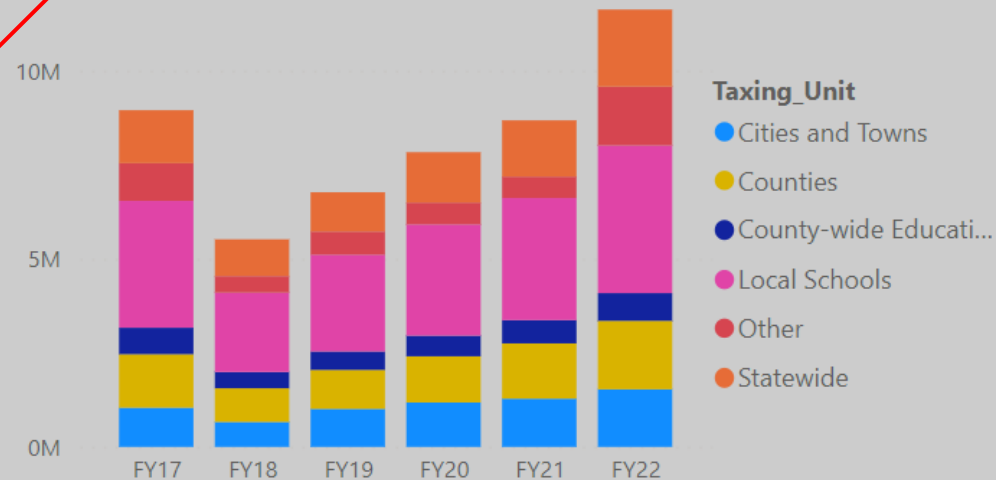
Existing2 NewTaxM New TIF



Existing Property - New Taxes Paid



New Property - New Taxes Paid



Reset Slicers



Slicer Options

Taxing Unit

- ☐ Cities and Towns
- ☐ Counties
- ☐ County-wide Educati...
- ☐ Local Schools
- ☐ Other
- ☐ Statewide

County

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- ☐ Lewis and Clark
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- ☐ City of Three Forks
- ☐ Gallatin County
- ☐ Town of Manhattan
- ☐ Town of West Yellow...

Sources & Notes:

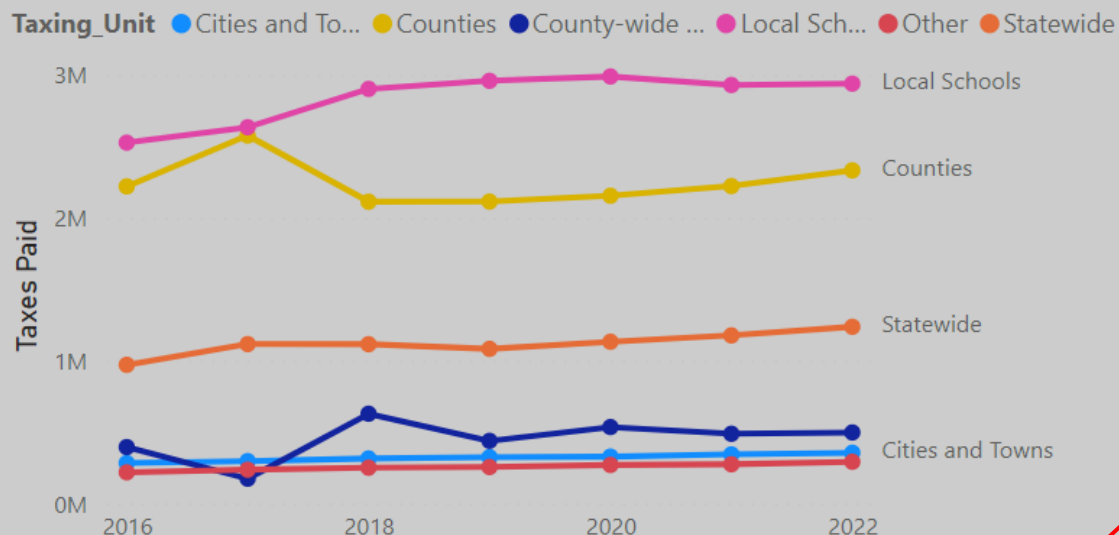
- Data from Montana Department of Revenue
- Due to the nature of these

- As an example of **existing property** taxes adjusting to budgets/needs is in FY 2019 when various **school** infrastructure votes hit in Gallatin County
 - The increase in school funding can be seen here not having the reappraisal tick-tock

General Property Tax Growth

**Example Low Growth
County – Mineral**

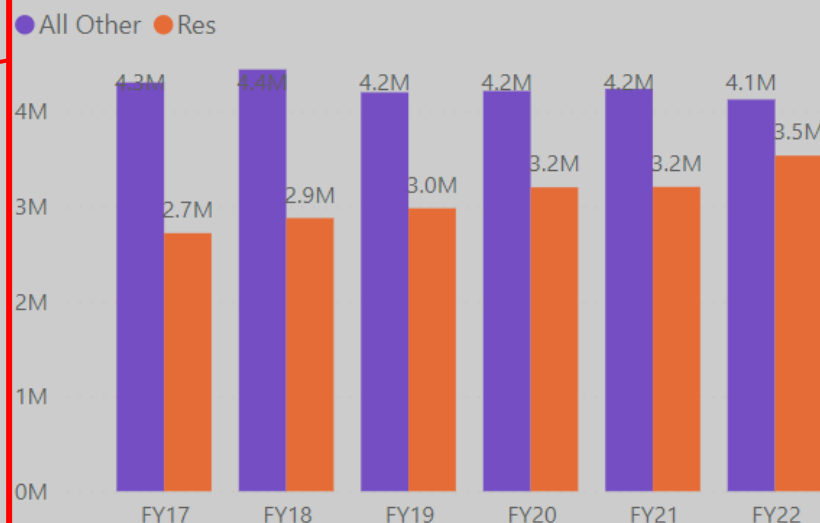
FY Taxes Paid by Taxing Unit



Compound Annual Growth Rate (CAGR)	
Taxing_Unit	CAGR Taxes Paid (6 year)
Cities and Towns	3.84%
Counties	0.82%
County-wide Education	3.90%
Local Schools	2.55%
Other	4.96%
Total	2.52%

CAGR Taxes Paid (6 year)	
Res/Other	CAGR Taxes Paid (6 year)
All Other	1.88%
Res	3.30%
Total	2.52%

Taxes Paid Residential and All Other



- There are counties where existing property pays less property tax now than 6 years ago, but this shift is not uncommon as higher residential value growth causes shifts in the tax burden

Reset Filters

Slicer Options

Taxing Unit

- ☒ Cities and Towns
- ☒ Counties
- ☒ County-wide Ed...
- ☒ Local Schools
- ☒ Local Schools
- ☒ Other

County

- ☐ Park
- ☐ Garfield
- ☐ Jefferson
- ☐ Wibaux
- ☐ Golden Valley
- ☒ Mineral

Municipality

- ☐ Mineral County
- ☐ Town of Alberton
- ☐ Town of Superior

Sources & Notes:

- Data from Montana Department of Revenue
- Due to the nature of these

New & Existing Property by Fiscal Year

Example Low Growth County – Mineral

Existing Compound Annual Growth Rate

-1.22%

New Property Compound Annual Growth Rate

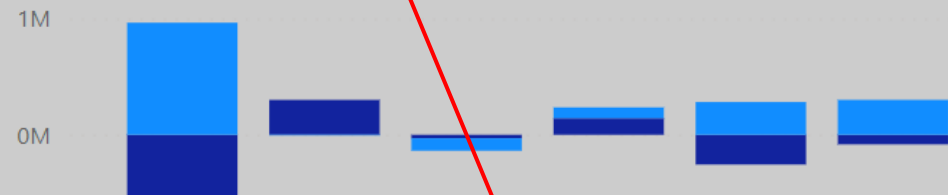
3.53%

Tax Increment Financing Compound Annual Growth Rate

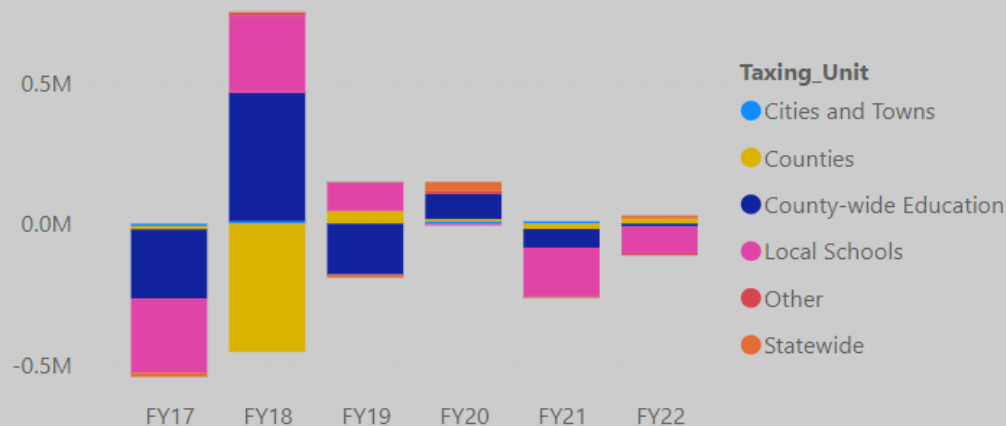
0.00%

New Taxes Paid

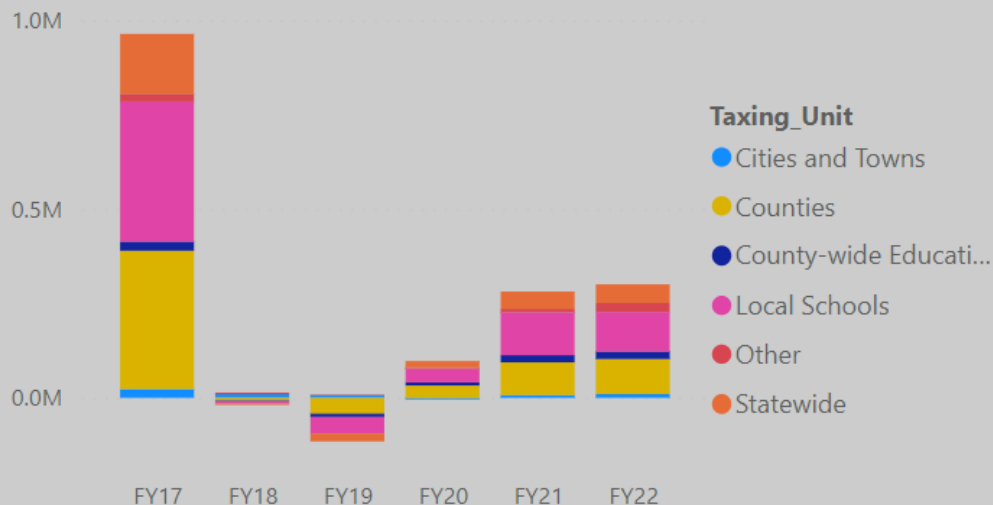
Existing2 NewTaxM New TIF



Existing Property - New Taxes Paid



New Property - New Taxes Paid



Reset Slicers

Slicer Options

Taxing Unit

- ☐ Cities and Towns
- ☐ Counties
- ☐ County-wide Education
- ☐ Local Schools
- ☐ Other
- ☐ Statewide

County

- ☐ Jefferson
- ☐ Wibaux
- ☐ Golden Valley
- ☒ Mineral
- ☐ Petroleum
- ☐ Lincoln

Municipality

- ☐ Mineral County
- ☐ Town of Albion
- ☐ Town of Superior

Sources & Notes:

- Data from Montana Department of Revenue
- Due to the nature of these

- There are counties where existing property pays less property tax now than 6 years ago, but this shift is not uncommon as higher residential value growth causes shifts in the tax burden
 - This lower tax amount is in total; residential property taxes are still growing in Mineral County. The decrease will be attributable to other classes (in this case, pipelines/electrical utilities and business equipment)

New & Existing Property by Fiscal Year

New vs. Existing Offset - Hill County

Existing Compound
Annual Growth Rate

0.87%

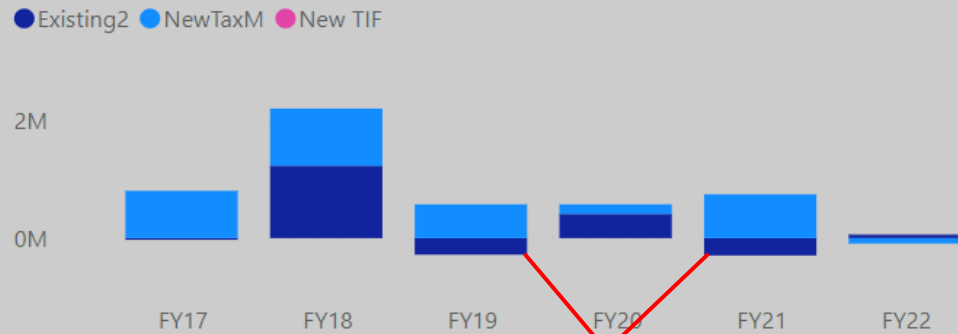
New Property Compound
Annual Growth Rate

2.41%

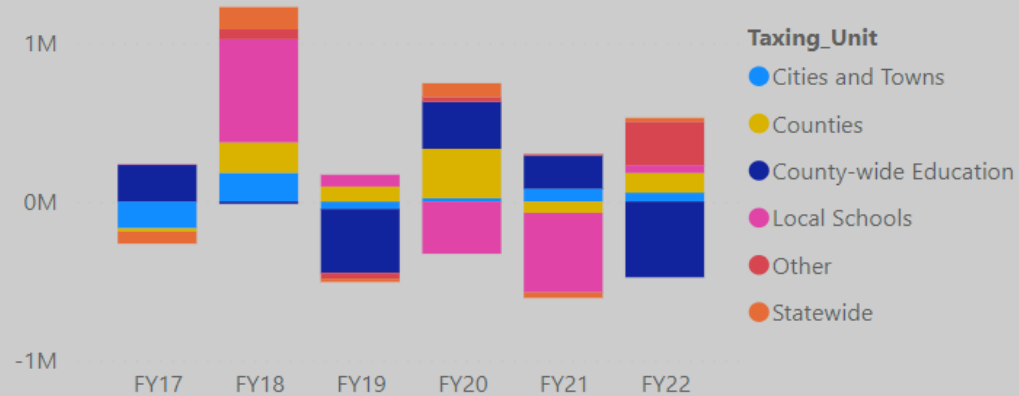
Tax Increment Financing
Compound Annual Growth Rate

0.00%

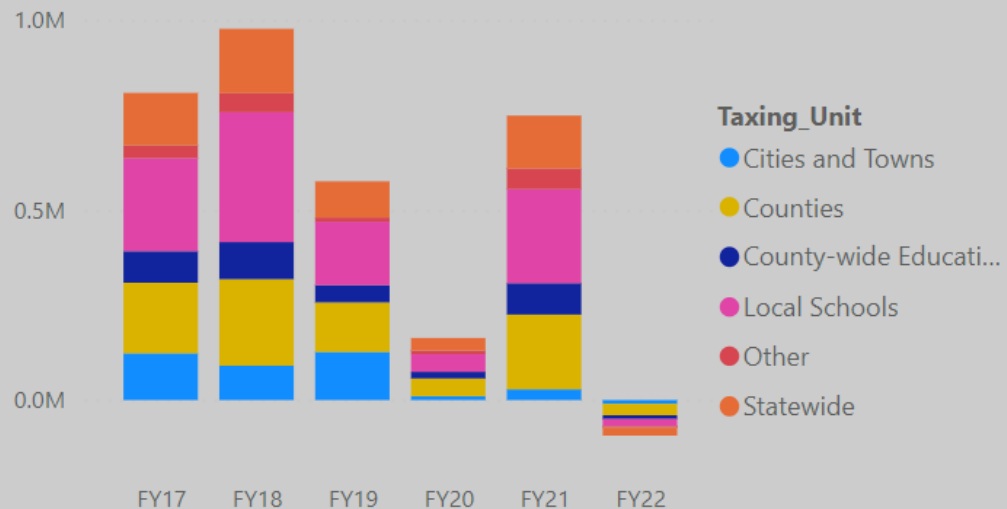
New Taxes Paid



Existing Property - New Taxes Paid



New Property - New Taxes Paid



Reset Slicers

Slicer Options

Taxing Unit

- ☐ Cities and Towns
- ☐ Counties
- ☐ County-wide Educati...
- ☐ Local Schools
- ☐ Other
- ☐ Statewide

County

- ☐ Carbon
- ☐ Phillips
- ☒ Hill
- ☐ Ravalli
- ☐ Custer
- ☐ Lake

Municipality

- ☐ City of Havre
- ☐ Hill County
- ☐ Town of Hingham

- There are many cases where taxes paid by **new property** are high enough that it buys down property taxes on **existing property**, especially in non-reappraisal years

Sources & Notes:

- Data from Montana Department of Revenue
- Due to the nature of these

New & Existing Property by Fiscal Year

New vs. Existing Offset – Hill County

Existing Compound
Annual Growth Rate

0.87%

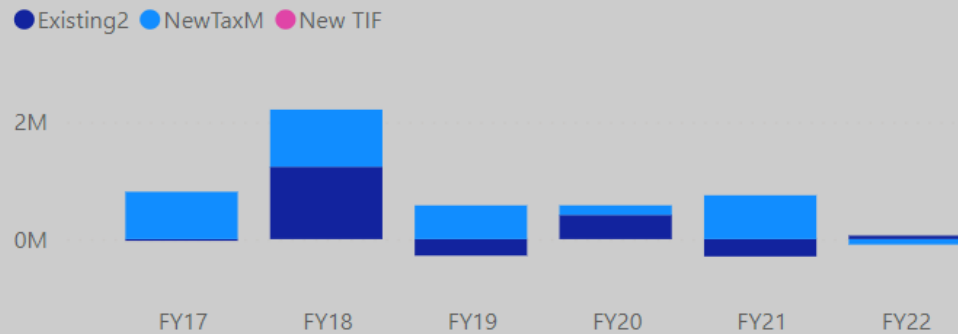
New Property Compound
Annual Growth Rate

2.41%

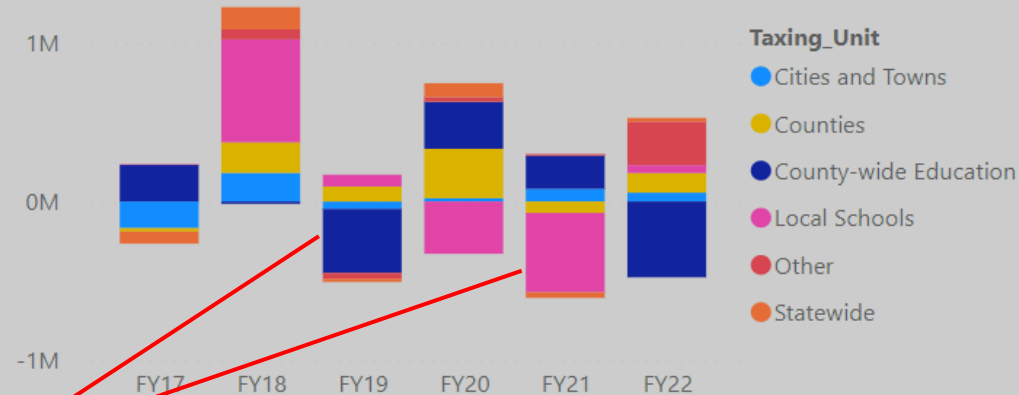
Tax Increment Financing
Compound Annual Growth Rate

0.00%

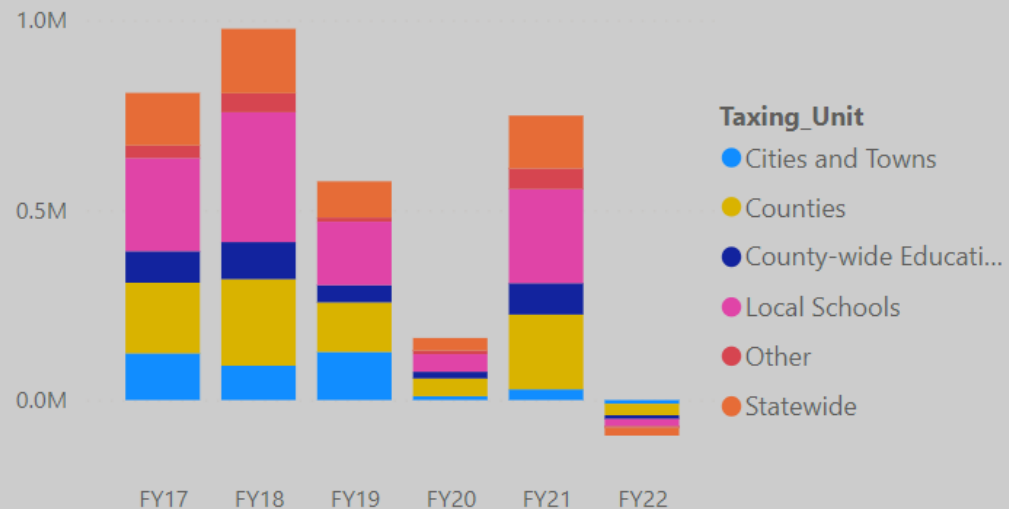
New Taxes Paid



Existing Property - New Taxes Paid



New Property - New Taxes Paid



Reset Slicers

Slicer Options

Taxing Unit

- ☐ Cities and Towns
- ☐ Counties
- ☐ County-wide Educati...
- ☐ Local Schools
- ☐ Other
- ☐ Statewide

County

- ☐ Carbon
- ☐ Phillips
- ☒ Hill
- ☐ Ravalli
- ☐ Custer
- ☐ Lake

Municipality

- ☐ City of Havre
- ☐ Hill County
- ☐ Town of Hingham

- Another example of **existing property** taxes adjusting to budgets/needs (versus new property coming onto the tax rolls more proportionately)
 - Because of the way taxes on **new property** are attributed to cities and counties, as opposed to schools which have capped budgets, the most common offset occurs at the **county-wide education** and **local school** mills

Sources & Notes:

- Data from Montana Department of Revenue
- Due to the nature of these

New & Existing Property by Fiscal Year

New vs. Existing Offset – Dawson County

Existing Compound
Annual Growth Rate

2.27%

New Property Compound
Annual Growth Rate

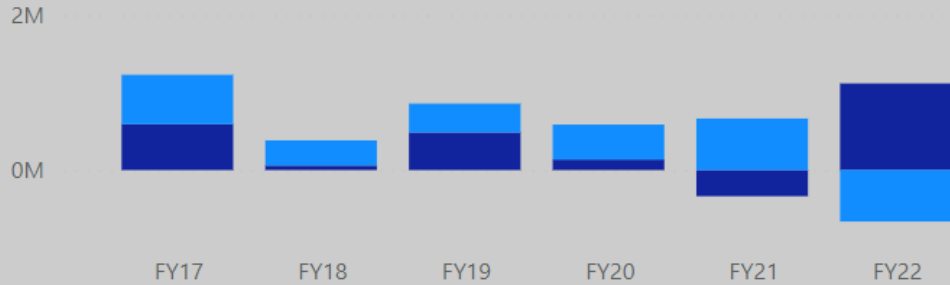
1.98%

Tax Increment Financing
Compound Annual Growth Rate

0.00%

New Taxes Paid

● Existing2 ● NewTaxM ● New TIF



Existing Property - New Taxes Paid



New Property - New Taxes Paid



Reset Slicers



Slicer Options

Taxing Unit

- ☐ Cities and Towns
- ☐ Counties
- ☐ County-wide Educati...
- ☐ Local Schools
- ☐ Other
- ☐ Statewide

County

- ☐ Lake
- ☒ Dawson
- ☐ Roosevelt
- ☐ Beaverhead
- ☐ Chouteau
- ☐ Yellowstone

Municipality

- ☐ City of Glendive
- ☐ Dawson County
- ☐ Town of Richey

Sources & Notes:

- Data from Montana Department of Revenue
- Due to the nature of these

- The annual taxes paid to the **state** from **existing property** can be negative if there is a net value reduction
- Local governments (**cities and towns** in this case) can also choose to offset existing property taxes with taxes from new property. This is not required but it does occur